

Message Text

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PAGE 01 TAIPEI 00612 270231Z

64

ACTION XMB-04

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 /065 W

----- 041876

R 270209Z JAN 76

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 8324

UNCLAS TAIPEI 0612

PASS: EXIM BANK

E.O. 11652: N/A

TAGS: EFIN, TW

SUBJECT: BANK GUARANTEE OF YUAN-I INDUSTRIAL CO. DEBT

REF : STATE 914723

1. EMBASSY TRANSMITTED INFORMATION CONTAINED REFTEL TO H.W. KUNG, DEPUTY DIRECTOR, INTERNATIONAL FINANCE DIVISION, MINISTRY OF FINANCE. KUNG GAVE EMBASSY FOLLOWING INFORMATION ON YUAN-I'S DEBT SERVICE: MOF RECENTLY URGED YUAN-I TO GET FARMERS BANK GUARANTEE FOR EXIM BANK CREDITS M-571-X, M-572-X AND D356. YUAN-I BOARD CHAIRMAN YANG CHING-HEE TOLD MOF (A) PROSPECT OF EXPORT SALES IS DEFINITELY IMPROVING-ORDERS WORTH \$5 MILLION ON HAND, A NEW RECORD IN LAST TWO YEARS, (B) SAVE ANOTHER OIL CRISIS YANG IS CERTAIN ABOUT HIS ABILITY TO HONOR THE RESCHEDULED EXIM LOAN OBLIGATIONS, (C) FARMERS BANK GUARANTEE FOR EXIM BANK LOANS WOULD COST YANG HALF A MILLION NT DOLLARS A YEAR (1 PERCENT OF THE LOAN BALANCE TIMES EXCHANGE RATE) AND HE PREFERS NOT TO BEAR ADDITIONAL COST TO HAMPER HIS DEBT PAYING ABILITY. MOF RELAXED ITS PRESSURE ON YUAN-I TO GET THE BANK GUARANTEE PENDING YUAN-I'S EVIDENCE OF GOOD FAITH IN HONORING REPAYMENTS DUE IN FEBRUARY AND MARCH. MOF LEFT IMPRESSION THEY

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PAGE 02 TAIPEI 00612 270231Z

MIGHT NOT PUSH YUAN-I ANY MORE ON THE NEED FOR GUARANTEE

IF THESE PAYMENTS MADE ON TIME.

2. EMBASSY PREPARED TO URGE MOF TO KEEP UP PRESSURE
ON YUAN-I TO GET BANK GUARANTEE IF EXIM BANK SO DESIRES.
POPPLE

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NNN

Message Attributes

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To: STATE
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